

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7024

BILL NUMBER: HB 1346

NOTE PREPARED: Jan 15, 2014

BILL AMENDED:

SUBJECT: Unemployment Insurance.

FIRST AUTHOR: Rep. Leonard

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 X FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill adds language concerning the public policy involved in the application and payment of unemployment benefits (benefits). It also makes several other changes to unemployment insurance (UI) statute:

- (1) It removes any burden of proof from the determination of eligibility for benefits.
- (2) The bill repeals provisions concerning the process for determining a positive drug test for purposes of an individual's disqualification for benefits.
- (3) It removes language concerning a Department of Workforce Development's (DWD) rule or policy regarding an employer's filing of a notice in connection with an individual, group, or mass separation arising from a vacation period.
- (4) It provides that the eligibility for benefits must be conditioned solely upon the eligibility requirements established by IC 22-4 in order for supplemental unemployment insurance benefits to be exempt from deductible income.
- (5) It provides that holiday and vacation pay are deductible income for the week in which the holiday or vacation occurs.
- (6) The bill redefines "employer" for purposes of participation in the unemployment insurance system as an employing unit that: (1) has incurred liability for wages payable to one or more individuals; or (2) incurs liability for payment of wages of at least \$1 in any calendar quarter during the current or immediately preceding calendar year.
- (7) It provides that a benefits overpayment includes any week for which the failure to disclose or falsification of a fact caused benefits to be paid improperly.
- (8) The bill provides that, when an individual's most recent separation from employment is a disqualifying separation, the individual must earn remuneration from employment for eight weeks

and the remuneration must equal or exceed eight times the weekly benefit amount before the individual again qualifies for benefits.

- (9) The bill increases from 15 to 30 days the time in which a party has to file an appeal of a review board's decision with the Court of Appeals.

The bill also authorizes the use of money in the Special Employment and Training Services Fund (also known as the Penalty and Interest Fund or P&I Fund) for the prevention, detection, and recovery of delinquent contributions and penalties and improper benefit payments. It requires Vincennes University and Ivy Tech Community College to meet performance standards determined by DWD when receiving annual training grants from the P&I Fund.

The bill updates references to the high school equivalency diploma program (Program). It corrects a reference to the rulemaking body for the Program.

Effective Date: July 1, 2014.

Explanation of State Expenditures: The bill affects the state as an employer.

DWD: The bill is expected to improve UI processes within DWD, which may result in a small administrative savings. The total amount of these savings is indeterminable.

Unemployment Insurance Trust Fund: The bill may slightly decrease benefit expenditures from the UI Trust Fund. The amount of this reduction is indeterminable at this time.

P&I Fund: Vincennes University, Ivy Tech Community College, and Hometown Plans currently receive funds from the P&I Fund. According to the bill, these organizations must meet performance-based standards, as created by DWD, in order to continue receiving allocations from the P&I Fund.

DWD administers the P&I Fund, which is comprised primarily of money collected as interest and penalties on employers delinquent in unemployment taxes. DWD is required statutorily to provide \$5.95 M for training and counseling assistance annually, including \$0.4 M to a Hometown Plan, \$4.25 M to Ivy Tech, and \$1.3 M to Vincennes University.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill affects local units as employers.

Explanation of Local Revenues:

State Agencies Affected: DWD, All.

Local Agencies Affected: All.

Information Sources: Michelle Marshel, DWD, mmarshel@dwd.in.gov.

Fiscal Analyst: Stephanie Wells, 232-9866.